

**GOVERNMENT OF INDIA
DEFENCE
LOK SABHA**

UNSTARRED QUESTION NO:856
ANSWERED ON:28.07.2005
ENQUIRY INTO ALLEGED PAY-OFFS
Manvendra Singh Shri

Will the Minister of DEFENCE be pleased to state:

- (a) whether the South African arms firm which had supplied anti-material rifles to India has admitted payment of pay-offs;
- (b) if so, whether the Union Government has conducted any enquiry in this regard;
- (c) if so, the findings thereof; and
- (d) the action taken or proposed to be taken against all those who violated the guidelines laid down by the Union Government in regard to defence deals?

Answer

MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE)

(a) to (d): Based on the information furnished by M/s Denel, South Africa, there is prima facie evidence of violation of clauses relating to use of undue influence and agents/agency commission, as contained in the contracts of Anti-Material Rifles (AMR) signed in 2002. A decision has been taken to initiate action to cancel all contracts entered into with M/s Denel. The contract signed on 7.3.2005 for procurement of 400 AMR has been cancelled. The matter was also referred to the CBI for investigation. An FIR was filed by the CBI in the matter on 6-6-2005 against, inter-alia, the unknown public servants. Further appropriate action, as warranted by the report of the CBI, would be taken after the receipt of the same.